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Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 DOE-15 H-01 INR-10 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09 SP-02
SS-15 STR-07 TRSE-00 ACDA-12 PA-01 AF-10 ARA-11
EA-10 EUR-12 NEA-11 /173 W
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R 281000Z SEP 78
FM AMEMBASSY ABIDJAN
TO SECSTATE WASHDC 0586
INFO AMEMBASSY ACCRA

C O N F I D E N T I A L ABIDJAN 9043

E.O. 11652: GDS
TAGS: ENRG, IV
SUBJECT: UPDATE ON OIL EXPLORATION IN THE IVORY COAST

REF: (A) ABIDJAN 2361; (B) ABIDJAN 3267

1. THE ESSO/SHELL CONSORTIUM (ESSO EXPLORATION, COTE D'IVOIRE, ESSO'S GERMAN SUBSIDIARY AND SHELL) IS MOVING FORWARD WITH ITS PLANS TO BEGIN PRODUCTION IN THE BELIER DEPOSIT BY 1980. ESSO CONTINUES TO BELIEVE THERE ARE 11 MILLION BARRELS IN THE DEPOSIT (SEE REF A FOR ADDITIONAL DETAILS), ALTHOUGH WE HAVE RECEIVED REPORTS THAT THE GOIC ESTIMATES RESERVES ARE LOWER. A SECOND PRESUMED COMMERCIAL DEPOSIT HAS BEEN DECLARED TO THE GOIC BUT NOT YET MADE PUBLIC (REF B) AND A THIRD MAY BE DECLARED BEFORE NOVEMBER. THE CONSORTIUM'S RIGHTS IN THE CONCESSION OTHER THAN THE BELIER DEPOSIT AND DECLARED PRESUMED COMMERCIAL DEPOSITS WILL EXPIRE WITH THE BASIC PERMIT IN NOVEMBER. ESSO HAS NOT ASKED FOR AN EXTENSION OR RENEWAL ALTHOUGH IT MAY DO SO LATER.

2. PETROCI, THE NATIONAL OIL COMPANY, HAS DECIDED TO EXERCISE ITS OPTION UNDER THE BASIC AGREEMENT TO PURCHASE A 15 PERCENT SHARE IN THE ESSO/SHELL CONSORTIUM. TO DO THIS IT MAY PAY 15 PERCENT OF ALL
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EXPLORATION COSTS UP TO MAY WHEN IT NOTIFIED THE CONSORTIUM OF ITS INTENTION TO EXERCISE ITS OPTION.

3. PETROCI IS ALSO GOING FORWARD WITH PLANS TO DRILL FOR OIL ONSHORE. FOREXI, A FRENCH FIRM, IS UNDER A CONTRACT TO DRILL A HOLE WEST OF JACQUEVILLE IN NOVEMBER AND TWO ADDITIONAL HOLES ARE PLANNED BY YEAR-END.

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4. THE PHILLIPS-LED CONSORTIUM (PHILLIPS 57-1/2 PERCENT, AGIP 22-1/2 PERCENT, SEDCO OF DALLAS 10 PERCENT AND PETROCI 10 PERCENT) HAS DRILLED TWO HOLES OFFSHORE IN THE THREE YEARS IT HAS WORKED IN THE IVORY COAST. THERE WERE "SHOWS" OF PETROLEUM IN BOTH HOLES, BUT NOT IN COMMERCIAL QUANTITIES. FOR THE NEXT SEVERAL YEARS THE CONSORTIUM PLANS TO DRILL AT LEAST ONE HOLE A YEAR WHICH IT IS REQUIRED TO DRILL UNDER THE CONCESSION AGREEMENT. SINCE THE PHILLIPS/AGIP/SEDCO/PETROCI CONSORTIUM IS DRILLING IN MUCH DEEPER WATER THAN ESSO/SHELL/PETROCI, AND ITS WELLS CONSEQUENTLY COST FIVE TIMES AS MUCH, IT MUST BE MORE JUDICIOUS IN THE NUMBER OF HOLES IT DRILLS.

5. MUCH OF THE EUPHORIA WHICH ACCOMPANIED THE ANNOUNCEMENT OF THE BELIER DEPOSIT LAST NOVEMBER HAS DISSIPATED NOW SEVERAL DRY HOLES LATER, THAT IT APPEARS LESS LIKELY THAT SUBSTANTIAL QUANTITIES OF OIL ARE PRESENT OFFSHORE. ALTHOUGH ANY DEPOSITS LARGE ENOUGH TO JUSTIFY EXPLOITATION OBVIOUSLY WILL HELP, IT APPEARS UNLIKELY THAT PETROLEUM WILL PROVIDE A MAJOR CONTRIBUTION TO THE IVORIAN DEVELOPMENT EFFORT.
STEARNS

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